

Preserve Patient Access to Critical Ambulance Services Support Permanent Medicare Ambulance Relief and Reform

Ambulance service providers are a critical component of our local and national health care and emergency response systems. They are also overwhelmingly small businesses which provide jobs and investments in local communities. Unfortunately, ambulance service providers are facing a serious financial crisis due to chronic below-cost Medicare reimbursement. The Government Accountability Office (GAO) released a report in October 2012 on the costs of providing ambulance services. **The GAO report found that, in the absence of temporary Medicare ambulance relief, Medicare reimburses ambulance service providers below cost.** The report—along with the 2007 GAO report that likewise found below cost reimbursement—demonstrate the need for making the current temporary Medicare ambulance add-ons more permanent and for additional improvements to the ambulance payment system. To ensure the continuity of emergency medical care, Congress needs to make permanent the current temporary Medicare ambulance relief as CMS collects more detailed cost data by surveying ambulance service providers. **Please therefore cosponsor of the *Medicare Ambulance Access, Fraud Prevention and Reform Act (H.R. 5460)* by Congressmen Walden, Neal, Nunes and Welch.**

Ambulance Services are Critical to Ensuring Emergency Care and Protecting Jobs in Local Communities

- Ambulance service providers are a critical component of our local and national health care and emergency response systems, and often the only provider of emergency medical services for their communities.
- The majority of ambulance service providers are also small businesses with less than 10 ambulances.
- Ambulance service providers are a fixture in the community, providing jobs and investment.
- Chronic below-cost Medicare reimbursement has hampered the efforts of ambulance service providers to hire new staff, update equipment, and continue to provide services throughout all of their communities.
- Ambulance service providers also serve as a critical link to assist beneficiaries who require medical transport to receive additional clinical services on a non-emergency basis.

GAO: Ambulance Service Providers are Reimbursed Below Cost

- As part of the *Middle Class Tax Relief and Job Creation Act* of 2012, Congress asked the GAO to update its 2007 ambulance cost report. On October 1, 2012, the GAO released its updated report.
- The GAO found that ambulance service providers are reimbursed 1% below cost when the 2% urban, 3% rural and super rural add-ons are not taken into account. The report builds upon the 2007 GAO report which also found that ambulance providers are reimbursed below cost for treating Medicare beneficiaries.
- Although the two reports utilize differing methodologies, both reports demonstrate consistent underfunding of the ambulance system over a period of many years.
- The GAO report likely underestimates the financial difficulties facing ambulance service providers. The report did not take into account the expiration of a temporary GPCI add-on, or harmful developments such as sequestration, productivity adjustments, a new fractional mileage policy, and increased fuel costs.
- Taking these elements into account, ambulance service providers are facing even greater challenges than those identified by the GAO.

Reforms to the Ambulance Payment System Must be Carefully Considered to Maintain Access to Essential Ambulance Services

- MedPAC recommended changes that, if implemented, would place legitimate ambulance services at risk and could result in access to care problems.
- MedPAC acknowledges that payments for six out of the seven levels of ambulance transports should increase, but would do so by significantly cutting payments for other essential transports.
- MedPAC seeks to curb problems identified with one type of non-emergency BLS transport, but targets all nonemergency BLS services.

- MedPAC would also eliminate certain payments for rural mileage, resulting in an additional 9.7 percent cut to the majority of rural providers.
- Any reform of Medicare ambulance payments should utilize a thoughtful process based on data and a thorough consideration of the complex issues involved.

Congress has recognized the Significant Underfunding

- To account for the difficulties facing ambulance service providers, Congress in coordination with SGR repeal extensions has continued payment increases of 2% for urban transports, 3% for rural transports and a bonus payment for transports in “super rural” or extremely remote areas. However, the most recent extension included in the Protecting Access to Medicare Act is set to expire on March 31, 2015.
- In December 2013, the Senate Finance Committee passed by voice vote a package to permanently repeal the SGR and extend for five years the Medicare ambulance add-ons and establish a system to collect cost data from ambulance service providers to determine future improvements to the ambulance fee schedule.
- S. 2110 by Senate Finance Committee Chairman Ron Wyden and S. 2122 by Senate Finance Committee Ranking Member Orrin Hatch to permanently repeal the SGR also include language for the five-year extension of the Medicare ambulance add-ons and establishment of a cost data collection system.

Congress Should Ensure Continued Access to Ambulances Permanent Relief and Reform

- The ambulance fee schedule has chronically underfunded ambulance services and is in need of repair.
- Consistent with the GAO report, the *Medicare Ambulance Access, Fraud Prevention and Reform Act* would address the problem with the following elements:
 - Permanent 2% increase for services provided in urban areas and 3% increase in rural areas.
 - Permanent MMA bonus payment for transports originating in super rural areas.
- The bill would also address fraud and abuse with the transportation of dialysis patients by implementing a national prior authorization program for non-emergency basic life support (BLS) dialysis transports. **This provision has not been scored by CBO but should offset the cost of making the temporary Medicare add-on payments permanent and thus making the bill budget neutral.**
- The bill would change the status of ambulance service suppliers to providers under the Medicare program.
- Finally, the bill would require CMS to collect additional identifier data from all ambulance service providers and then through a survey methodology collect cost data from a statistically significant number of each type of ambulance service provider.

HOUSE REQUEST

Please cosponsor of the *Medicare Ambulance Access, Fraud Prevention and Reform Act* (H.R. 5460). To become a cosponsor of H.R. 5460, please have a member of your staff contact Katie Troller with Congressman Walden at x56730 or katie.troller@mail.house.gov or Tom Cheney with Congressman Welch at x54115 or tom.cheney@mail.house.gov.